

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3114 – SB 3101

March 30, 2010

SUMMARY OF AMENDMENT (015499): Deletes all language after the enacting clause of the original bill. Authorizes the Department of Children's Services (DCS) to extend foster care services to youth ages 18 to 21 who are in DCS custody at the time of the individual's 18th birthday and who are completing secondary education or a program leading to an equivalent credential, enrolled in a post-secondary or vocational institution, participating in a program designed to remove barriers to employment, is employed for at least 80 hours per month, or is incapable of any of the preceding activities due to a medical condition that is documented by a permanency plan. DCS is also authorized to make foster care services available to youth ages 18 to 21 who opted out of the program at the time of their 18th birthday and who desire to reenter the program. Authorizes individuals over the age of 18 to remain under the continuing jurisdiction of the juvenile court for the purposes of the extending foster care services.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Net Impact - \$14,291,688/FY10-11
Net Impact - Exceeds \$14,291,688/FY11-12 and Subsequent Years

Increase Federal Expenditures - \$4,935,535 /FY10-11
Exceeds \$4,935,535/FY11-12 and Subsequent Years

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Net Impact - \$2,252,000/FY10-11
Net Impact – Exceeds \$2,252,000/FY11-12 and Subsequent Years

Increase Federal Expenditures – Net Impact - \$1,566,600/FY10-11
Net Impact – Exceeds \$1,566,600/FY11-12 and Subsequent Years

Assumptions applied to amendment:

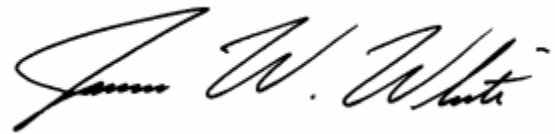
- DCS will not be required to opt into the federal Fostering Connections program.
- According to DCS, youth ages 18-21 reentering foster care after initially declining it will not be eligible for federal reimbursement. All youth reentering the foster care system will be paid for entirely with state dollars.
- According to DCS, in FY10-11 approximately 165 will stay in foster care, and no individuals will reenter.
- In FY10-11, of the individuals who will continue in the foster care system, approximately 105 will be placed in family-based foster care at a cost of \$1,455 per month; a total cost of \$1,833,300. Approximately 52 will be in group homes at a cost of \$3,707.40 month; a cost of \$2,313,417. Nine will be placed in independent living at a cost of \$1,200 month; a cost of \$129,600. Total placement cost for this population is approximately \$4,276,317 (\$1,833,300 + \$2,313,417 + \$129,600).
- The expenditures for youth remaining in the system will be reimbursed under the federal Title IV-E program. Approximately 50 percent of the youth will be eligible for federal reimbursement at a 65.85 percent match rate. The amount of new Title IV-E federal reimbursement will be approximately \$1,407,977 (\$4,276,317 x 50% x 65.85%).
- Total state placement cost with federal reimbursement is estimated to be approximately \$2,868,340 (\$4,276,317 - \$1,407,977).
- In FY10-11, for youth continuing in foster care, DCS will hire approximately eight new case workers at a cost of \$80,011 in salary and benefits; total annual cost of \$640,088. Approximately one new supervisor will be hired at a cost of \$88,000 in salary and benefits. These personnel will be eligible to receive federal reimbursement from Title IV-E at a 50 percent match rate. Total cost for these personnel is estimated to be \$728,088 (\$640,088 + \$88,000). Fifty percent of these expenditures will be paid for with federal Title IV-E dollars (\$364,044) and 50 percent of these expenditures will be paid for with state appropriations (\$364,044).
- Total extension of foster care placement and personnel costs in FY10-11 with federal reimbursement will be approximately \$3,232,384 (\$2,868,340 + \$364,044).
- To extend guardianship, DCS estimates that approximately 38 youth will participate in FY10-11 at a cost of \$714.60 per month. Total cost for guardianship extension in FY10-11 will be approximately \$325,858 (38 x \$714.60 x 12).
- Total cost for foster care and guardianship extension services in FY10-11 will be approximately \$3,558,242 (\$3,232,384 + \$325,858).
- DCS estimates that in FY10-11, the state will shift approximately \$1,388,789 in state funding and approximately \$2,037,991 in federal Chaffee funding to this program on a recurring basis.
- The TennCare program currently provides coverage to foster children from birth through the age of 18.
- There is a voluntary Medicaid category called “Independent Foster Care Adolescents” that will allow continuation of Medicaid coverage for persons between the ages of 18 and 21 who were in foster care on their 18th birthday.
- The Bureau of TennCare estimates that approximately 104 individuals between the ages of 18 and 21 will qualify for this new category of coverage in FY10-11. It is estimated that the individuals will receive services at a cost of approximately \$132.06 per-

member-per month for 42 males and \$236 for 62 females per-member-per month. Increase in expenditures for males is estimated to be \$65,558 and females \$175,584. The total increase in expenditures is estimated to be approximately \$241,142 (\$65,558 + \$175,584).

- Of this increase, approximately \$158,623 will be federal funds at a 65.78 percent match rate and approximately \$82,519 in state funds at a 34.22 match rate.
- The total increase in state expenditures in FY10-11 will be approximately \$2,251,972 (\$3,558,242 + \$82,519 - \$1,388,789).
- New state expenditures in FY11-12 and subsequent years is estimated exceed \$2,251,972.
- New Title IV-E revenue is estimated to be \$1,566,600(\$1,407,977 + \$158,623) in FY11-12. Total new federal revenue is estimated exceed \$1,566,600 in FY11-12 and subsequent years.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

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